

TEACHERS' RETIREMENT BOARD

INVESTMENT COMMITTEE

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SUBJECT: Approval of Minutes of the August 4, 1999  
Investment Committee, Open Session

ITEM NUMBER: 3

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: September 1, 1999

INFORMATION: \_\_\_\_\_

PRESENTER(S): Chairperson

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Proposed minutes of the Investment Committee Meeting held in open session August 4, 1999 are submitted on the following pages.

**PROPOSED  
MINUTES OF THE  
INVESTMENT COMMITTEE MEETING  
OF THE  
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM  
AUGUST 4, 1999  
OPEN SESSION  
ROBYN D. MILLER BOARD ROOM  
7667 FOLSOM BOULEVARD  
SACRAMENTO, CALIFORNIA**

**COMMITTEE MEMBERS PRESENT**

Gary Lynes, Chairperson  
George Fenimore  
Marty Mathiesen  
Lillian Raffel  
Emma Zink  
Christine Drevalas, representing State Treasurer,  
Phil Angelides  
Beth Renge, representing State Controller,  
Kathleen Connell  
Curt Robinson, representing State Superintendent  
of Public Instruction, Delaine Eastin  
Annette Porini, representing State Director of Finance  
Tim Gage

**ALSO PRESENT**

James Mosman, Chief Executive Officer  
Patrick Mitchell, Chief Investment Officer  
Elleen Okada, Director of Investment Admin. and External Relations  
Chris Waddell, Chief Counsel  
Doug Wills, Staff Counsel  
Richard Whitmore, Deputy Superintendent of Public Instruction  
Steven Tong, Director of Internal Equities  
Mitch Pleis, Director of Real Estate  
Michelle Cunningham, Director of Fixed Income  
Allan Emkin, Pension Consulting Alliance  
Toni Brown, Callan Associates  
Terry Dennison, Mercer Investment Consulting  
Edna White, California Retired Teachers' Association  
George Wichman, California Teachers' Association  
Charles Girratana, California Teachers' Association  
Al Reyes, United Teachers of Los Angeles  
Dorothy Moser, United Teachers of Los Angeles, Retired  
Mary Ann Avansino, Administrative Assistant

A quorum being present, Chairperson Lynes called the open session meeting at 9:40 a.m.

- I. **ANNOUNCEMENTS** (Item 2)  
Chairperson Lynes introduced Curt Robinson, a representative for the Superintendent of Public Instruction.
- II. **APPROVAL OF MINUTES OF THE JULY 7, 1999 INVESTMENT COMMITTEE, OPEN SESSION** (Item 3)  
  
MOTION duly made by Mr. Fenimore, seconded by Ms. Renge and carried to approve the minutes of the July 7, 1999 Investment Committee, Open Session as presented.  
  
Ms. Renge and Ms. Porini exited the meeting at 9:45 a.m.  
  
Mr. Whitmore replaced Mr. Robinson representing the Superintendent of Public Instruction at 9:45 a.m.
- III. **GENERAL – 1999/00 INVESTMENT BRANCH OBJECTIVES** (Item 4)  
Mr. Mitchell presented the finalized 1999/00 Investment Branch Objectives.  
  
MOTION duly made by Mr. Fenimore, seconded by Ms. Zink and carried to adopt a resolution to approve the 1999/00 Investment Branch Objectives as presented.  
  
Ms. Renge returned to the meeting at 9:47 a.m.
- IV. **LEGISLATION** (Item 5)  
There was nothing further to report.  
  
Ms. Porini returned to the meeting at 9:48 a.m.
- V. **ASSET ALLOCATION – PRELIMINARY REPORT** (Item 6)  
Mr. Emkin, Ms. Brown and Mr. Dennison reviewed a variety of optimization approaches, asset class expectations, and initial results provided by the modeling process. Discussion ensued. The Committee directed Mr. Mitchell to make the final selection of the assumptions to be used for the model. The final asset allocation presentation was scheduled for the September meeting.  
  
Chairperson Lynes recessed the meeting at 11:35 a.m.  
The meeting reconvened at 11:40 a.m.
- VI. **GENERAL – BUDGET REPORT UPDATE** (Item 7)  
Ms. Okada presented the written report
- VII. **ACTIVITY STATUS REPORT – CREDIT ENHANCEMENT** (Item 8)  
Mr. Mitchell had nothing to add to the written report.
- VIII. **ACTIVITY STATUS REPORT – REAL ESTATE** (Item 9)  
Mr. Pleis presented the written report and updated the status of property closings for the University of Chicago portfolio, Lincoln Place and Alamo Quarry.
- IX. **ALTERNATIVE INVESTMENTS - ACTIVITY STATUS REPORT** (Item 10)

Mr. Mitchell presented the written report and reviewed the purchases of secondary interests in KKR 1987 and KKR 1996.

X. **REPORT OF THE CHIEF INVESTMENT OFFICER** (Item 11)

Mr. Mitchell presented the written report and distributed current TUCS reports.

XI. **OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC** (Item 12)

There were no statements from the public.

XII. **MOVE TO CLOSED SESSION**

Chairperson Lynes recessed the meeting at 12:10 p.m. and reconvened directly into closed session at 12:12 p.m.

XIII. **ADJOURNMENT**

Chairperson Lynes announced that while in closed session, the Committee discussed matters pertaining to investment decisions. There being no further business to conduct, Chairperson Lynes adjourned the meeting at 12:20 p.m.

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James D. Mosman, Chief Executive Officer and Secretary to the  
Teachers' Retirement Board

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Gary Lynes, Chairperson